



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

1st Enterprise Bank

Person to be contacted regarding this report:	John C. Black
CPP Funds Received:	\$10,400,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	2/13/2009
Date Repaid <sup>1</sup> :	

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	58321
City:	Los Angeles
State:	California

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	From the end of 2008 to the end of February, 2010 the Bank added new loan commitments totaling \$106 million, in which \$64 million was outstanding. After principal repayments on existing loans, the Bank's gross outstanding loans grew over the same period by 33%.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The type of loans included real estate loans (commercial, residential, and low income housing) and commercial and industrial loans to privately owned businesses.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Over the same 14 month period, the Bank increased its holdings of mortgage back securities (100% agency guaranteed) by more than \$100 million.
<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

The additional capital from CPP allowed the Bank to continue its organic growth, while maintaining very strong capital levels. Due to the depressed pricing in the capital markets for common stock offerings from community banks, the Bank may have restricted its growth and support to its business customers without the benefit of the CPP funds.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

As a result of the additional capital provided by CPP, the Bank grew organically from \$244 million in total assets to \$393 million in total assets at the end of 2009 and was positioned with a strong capital base (tier 1 leverage ratio of 10% and total risk based capital of 17%) for further expansion in 2010. The Bank's high asset quality and higher asset base, allowed the Bank to earn \$2 million in Net Income in 2009 and pay more than \$180,000 in dividends to the U.S. Treasury.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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